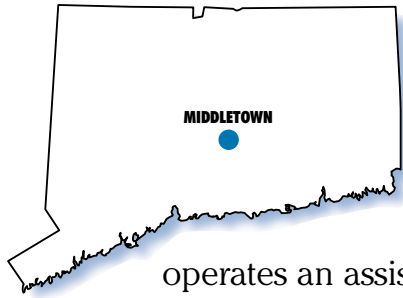
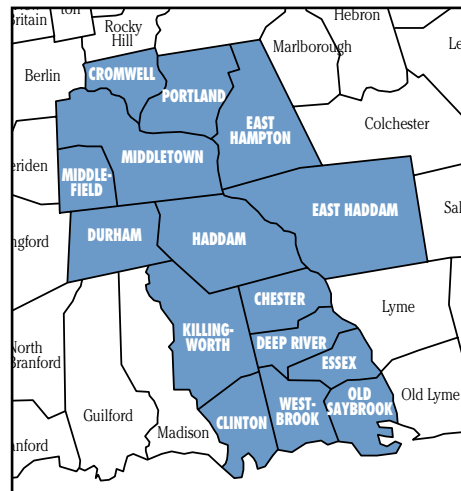


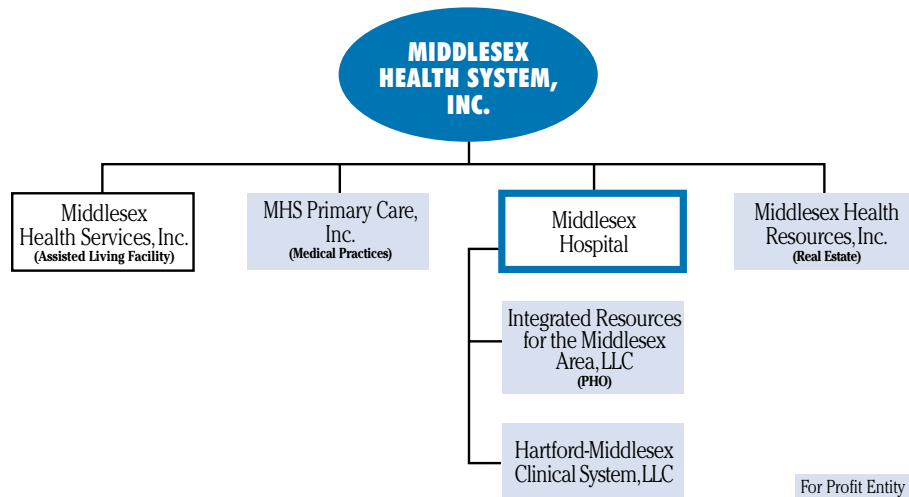
## MIDDLESEX HOSPITAL

Middlesex Hospital, founded in 1904, is located in Middletown, and, in addition to that town, primarily serves 14 towns in Middlesex County. In FY 1999, the hospital



staffed 120 of its 297 licensed beds and employed 1,478 Full Time Equivalents. Its parent corporation, Middlesex Health System, owns physician practices, and operates an assisted living facility, homecare services, a diagnostic outpatient center, two off-site emergency rooms, and a physician-hospital entity, Integrated Resources for the Middletown Area. Middlesex Hospital has a clinical services affiliation with Hartford Hospital. The hospital's average age of plant is 8.5 years as compared to the U.S. average of 9.2 years.



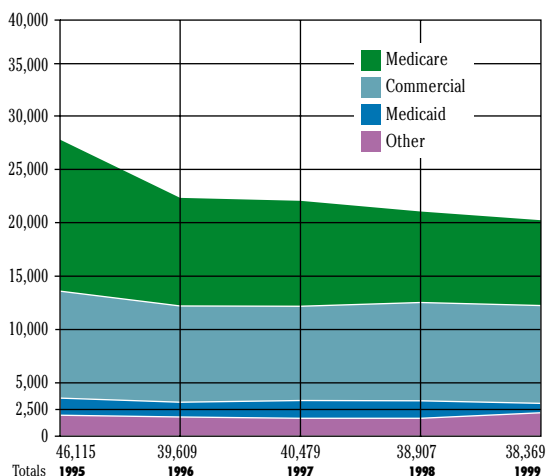
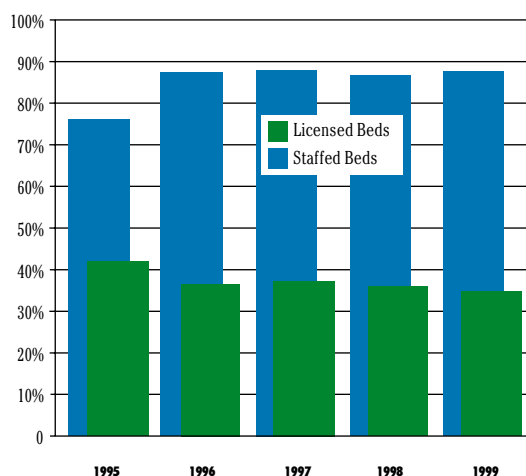
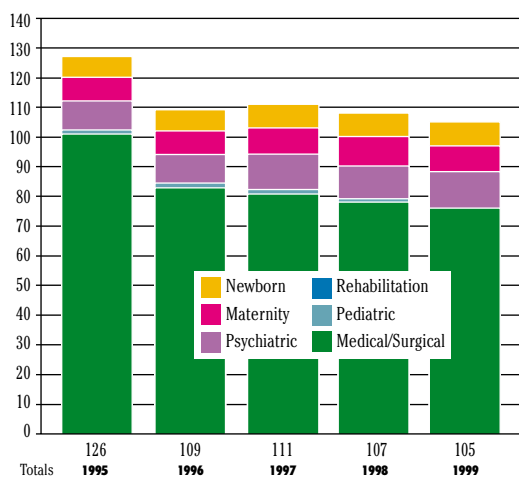
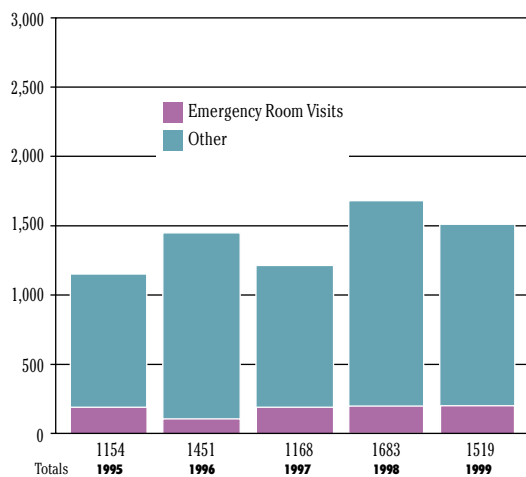
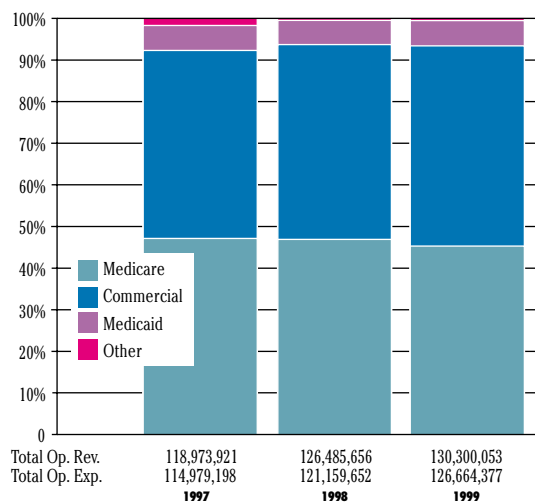


MARGINS	1997	1998	1999
Total margin	7.43%	3.56%	4.75%
Operating margin	3.22%	4.24%	2.73%

PAYMENT TO COST RATIOS BY PAYER			
Ratio of cost to charges	.65	.64	.61
Medicare Payment to Cost	1.01	1.01	1.01
Medicaid Payment to Cost	.73	.75	.70
Private Payment to Cost	1.24	1.23	1.22
Uncompensated Care Cost	\$4,118,712	\$4,548,824	\$4,299,367
Total expenses	\$114,979,198	\$121,159,652	\$126,664,377
Uncompensated care % of total expenses	3.58%	3.75%	3.39%

CAPITAL STRUCTURE RATIOS			
Equity financing ratio	51.50%	42.27%	43.81%
Debt service coverage	5.83	4.47	5.10

LIQUIDITY MEASURES			
Days of expenses in accounts payable	93.78	79.84	63.82
Days cash on hand	28.34	39.96	26.22
Days of revenue in accounts receivable	65.79	65.49	69.62

**PATIENT DAYS BY PAYER****AVERAGE OCCUPANCY****AVERAGE DAILY CENSUS BY SERVICE****AVERAGE DAILY OUTPATIENTS****NET PATIENT REVENUE BY PAYER**

## KEY PERFORMANCE DRIVERS

- ◆ Middlesex Hospital has a clinical services affiliation with Hartford Hospital.
- ◆ The hospital's staffed beds decreased from 166 in 1995 to 120 in 1999. Discharges fell slightly during that time period, from 10,326 to 10,184.
- ◆ In 1996, Middlesex Hospital established IRMA (Integrated Resources for the Middletown Area), the hospital's PHO, in partnership with affiliated physicians.
- ◆ Recruitment and retention of staff is increasingly difficult for the hospital.
- ◆ The hospital recently allocated significant resources to obtain new medical technology, including two mobile MRI units and a transportable lithotripsy unit, replacement of nuclear imaging technology, and establishment of a cardiac catheterization laboratory.

## SITE VISIT ISSUES RAISED BY HOSPITAL MANAGEMENT

**Workforce Issues.** Staffing shortages are beginning to affect access to care. Radiology hours recently were shortened due to a lack of staff. Other staffing shortages are in nursing, transcription, coding, and housekeeping services.

**Regulatory Compliance.** Ambulatory Payment Classifications, corporate compliance regulations, and HIPAA requirements each will have an impact on Middlesex's staffing requirements and overall expense levels.

**IRMA.** The formation of IRMA represents both a risk and an opportunity for Middlesex. The hospital must balance its need for effective commercial contracts with its need to maintain positive medical staff relationships.

**Managed Care.** Lack of nearby hospital competition has positioned Middlesex well during managed care contract negotiations. The hospital believes that managed care payers now are taking a more aggressive approach in contracting with the hospital.